

Calendar No. 127

88TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 141

JOINT COMMITTEE ON THE BUDGET

To Accompany S. 537

AMENDING THE LEGISLATIVE REORGANIZATION ACT OF
1946 TO PROVIDE FOR MORE EFFECTIVE EVALUATION
OF THE FISCAL REQUIREMENTS OF THE EXECUTIVE
AGENCIES OF THE GOVERNMENT OF THE
UNITED STATES

REPORT

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES SENATE



APRIL 15, 1963.—Ordered to be printed

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III

Calendar No. 127

88TH CONGRESS }
1st Session

SENATE }

REPORT
No. 141

JOINT COMMITTEE ON THE BUDGET

APRIL 15, 1963.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Government Operations,
submitted the following

REPORT

[To accompany S. 537]

The Committee on Government Operations, to whom was referred the bill (S. 537) to amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States, having considered the same, report favorably thereon and recommend that the bill do pass.

PURPOSE

The purpose of this bill is to provide the Congress with the machinery necessary to enable it to meet its constitutional responsibilities in connection with the appropriation of funds required for the conduct of the Federal Government. The bill S. 537, if enacted, would accomplish this objective by establishing a Joint Committee on the Budget, composed of members of the Senate and House Appropriations Committees, which would assist the Congress in exercising adequate control over the expenditure of public funds by the executive branch of the Government.

S. 537 is designed to provide the same kind of expert staff facilities and detailed technical information for the Appropriations Committees of the Congress, on a 12-month basis, as the Bureau of the Budget provides for the executive branch. Precedent for this action is found in the Joint Committee on Internal Revenue Taxation which has provided joint expert staff facilities and technical information for the revenue committees of both Houses of the Congress for more than a quarter of a century.

This bill, sponsored by 77 Members of the Senate,¹ is identical to S. 529 approved by the Senate in the 87th Congress. The Senate also approved similar bills in the 82d and 83d Congresses, after extensive hearings, and again in the 84th and 85th Congresses. The pending bill includes perfecting amendments adopted by the committee since it was first reported and approved by the Senate on April 8, 1952. A complete legislative history of the proposed legislation is included in Senate Document 11, 87th Congress. (See p. 195, ff.) The publication, entitled "Financial Management in the Federal Government", was filed in the Senate by the Committee on Government Operations on February 13, 1961.

NEED FOR LEGISLATION

For many years, the Congress has labored under a tremendous disadvantage in connection with budget requests and justifications. Requests for funds are made by the executive branch, and witnesses who appear before the Appropriations Committees in support of these requested appropriations represent exclusively the point of view of that branch of the Government. Since it is their duty as officers of the Government to support all items contained in the President's budget, it becomes their function and responsibility to demonstrate that the specified amounts are necessary. For the most part, these requests are supported by elaborate justifications, based upon extensive agency research, and by the testimony of technical experts who have devoted many years to the fields in which they are working, and whose main objective is to continue or extend the programs and operations of their respective agencies. Testimony from the public, except from witnesses appearing in behalf of public works projects, is rarely received, and, in a vast majority of instances, the only manner in which the public interest can be considered and protected, with respect to the purpose for which the funds are sought or their need or adequacy, is through careful scrutiny of requests and justifications by members of the Appropriations Committees. Other Members of Congress must rely largely upon the recommendations of these committees when funds are appropriated by the House and the Senate.

The material contained in the Federal budget is developed and assembled by numerous employees and officials in the departments and agencies, reviewed and substantiated by each department and agency, and then reviewed, revised, and finalized by the Bureau of the Budget where more than 450 persons are involved in the preparation and submission of the final document. In the Washington area alone, it is estimated that a total of 2,000 persons in executive branch departments and agencies are involved in the preparation of the budget each year. In addition to the Federal budget itself, a tremendous amount of detailed information is supplied in written form to the House and Senate Appropriations Committees, and presented orally

¹ Mr. McClellan (for himself, Mr. Allott, Mr. Anderson, Mr. Bartlett, Mr. Bayh, Mr. Beall, Mr. Bennett, Mr. Bible, Mr. Boggs, Mr. Brewster, Mr. Burdick, Mr. Byrd of Virginia, Mr. Cannon, Mr. Carlson, Mr. Case, Mr. Cooper, Mr. Cotton, Mr. Curtis, Mr. Dirksen, Mr. Dodd, Mr. Dominick, Mr. Eastland, Mr. Engle, Mr. Ervin, Mr. Fong, Mr. Fulbright, Mr. Goldwater, Mr. Gruening, Mr. Hartke, Mr. Hickenlooper, Mr. Holland, Mr. Hruska, Mr. Humphrey, Mr. Inouye, Mr. Jackson, Mr. Javits, Mr. Johnston, Mr. Jordan of Idaho, Mr. Keating, Mr. Kefauver, Mr. Kuchel, Mr. Lausche, Mr. Magnuson, Mr. McGee, Mr. McGovern, Mr. McIntyre, Mr. Mechem, Mr. Metcalf, Mr. Miller, Mr. Monroney, Mr. Morse, Mr. Morton, Mr. Moss, Mr. Mundt, Mr. Muskie, Mr. Nelson, Mrs. Neuberger, Mr. Pastore, Mr. Pearson, Mr. Pell, Mr. Prouty, Mr. Proxmire, Mr. Randolph, Mr. Ribicoff, Mr. Robertson, Mr. Scott, Mr. Smathers, Mr. Sparkman, Mr. Stennis, Mr. Symington, Mr. Talmadge, Mr. Thurmond, Mr. Tower, Mr. Williams of Delaware, Mr. Yarborough, Mr. Young of North Dakota, and Mr. Young of Ohio).

at hearings which last for many months and cover thousands of typed and printed pages.

Finally, when the requests are reduced to the form of legislative proposals, there are usually between 12 and 15 appropriation bills running into hundreds of pages and containing thousands of separate items.

Unfortunately, committee members are so heavily burdened by other legislative duties and responsibilities that they are unable personally to give the necessary attention to each budget item.² Equally important, however, is the fact that they do not have adequate facilities for obtaining the information necessary to enable them to pass accurate judgment on the necessity for the budget requests. Thus, for the most part, they are forced to rely upon the representations made by the respective initiating agencies of the executive branch, whose representatives appear before these committees in an ex parte type of proceeding for the sole purpose of justifying their requests for funds. As a result, the Congress is often unable to obtain impartial information and facts to enable it to effect needed economies in the operations of the Government. Because the Congress is not adequately equipped to carry out its fiscal responsibilities, many millions of dollars have been appropriated in excess of the actual requirements of the Federal Government. These excesses have, in turn, added to the large recurring deficits which must be passed on to already overburdened taxpayers.

The duties and responsibilities of the Appropriations Committees, in connection with examining and passing upon budget requests for the operation of the Federal Government, have increased tremendously in recent years. These committees are staffed with competent professional personnel. It is virtually impossible, however, for their relatively small staffs to examine and evaluate the annual budget with its many thousands of items, running to approximately 1,600 pages, within the very limited time available. This precludes the detailed analysis which is so essential to the performance of the congressional function of controlling Federal expenditures.

The action taken on March 12, 1957, by the House of Representatives in adopting a resolution requesting the President to indicate the places and amounts in his budget where he thinks substantial reductions may best be made, is a clear indication that the Congress does not have adequate information upon which to act in carrying out its constitutional responsibilities for maintaining adequate controls over Government expenditures.

INCREASING COST OF FEDERAL GOVERNMENT

The ever-increasing cost of operating the Federal Government, with annual budgets now approaching \$100 billion—an increase of \$56 billion over total budget expenditures for fiscal year 1951, when this committee first recommended this legislation—and continued annual deficits of billions of dollars—now in excess of \$300 billion and rising at the rate of more than \$8 billion annually—that pyramid the already astronomical national debt, dictates the compelling necessity of reducing the cost of government, where it is prudent to do so, in order to restore sound fiscal policies.

Members of the Congress have learned from contacts with the people back home that there is a tremendous ground swell of public sentiment

² See S. Rept. 96, 85th Cong., "Activities of the U.S. Senate."

for economy in government, and demands for action in eliminating unnecessary expenditures in the operations of the Government. S. 537 is designed to remedy the existing deficiencies relative to appropriation procedures and the expenditure of public funds—to which practically all Members are dedicated—by providing the machinery necessary to enable the Congress to accomplish this objective.

As important as are the services rendered by the Joint Committee on Internal Revenue Taxation in the revenue field, the proposed Joint Committee on the Budget would be in a position to render far greater service to the Congress in a field that is much broader in nature and scope. Its functions would include analyses and reports on the details of program operations, a review of the actual administration of authorized functions, and the compilation of data on agency activities and program in conformity with legislative authority, for the information of the Appropriations Committees and other committees, and to make such data available to individual Members of the Congress. With this information before them, the Appropriations Committees will be in a position to exercise informed judgment in supplying only such funds as are necessary. The importance of providing this type of service for the committees dealing with the appropriation of public funds is emphasized by the scope of the problems involved and the magnitude of Federal appropriations and expenditures.

The Committee on Government Operations has proposed, beginning in the 81st Congress, remedial action pursuant to the authority vested in it to consider and recommend legislation relating to budget and accounting measures other than appropriations. It has, pursuant to this directive, submitted and recommended action on legislation with the objective of solving some of the fiscal problems with which the Congress is now confronted. During this period, the Senate has taken the lead in evolving a solution to these problems through the approach of constructive and appropriate legislation in a sincere effort to bring that about. The record will affirmatively and conclusively support the position taken repeatedly by the Senate since early in 1950 in attempting to remedy this situation.

This bill represents the culmination of 12 years of careful study by the Committee on Government Operations, in an effort to evolve some method by which congressional fiscal procedures and controls can be improved in order that the legislative branch may assume its rightful position with respect to vital decisions affecting the future of the Nation. Confronted with imposing and increasing threats to the national economy because of ever-mounting spending pressures, both from internal sources and from abroad, it is essential that the Congress delay no longer in meeting this issue head on. This committee believes that S. 537 offers a sound approach to the solution of these problems, in that it would definitely equip the legislative branch with adequate machinery to examine carefully every item of expenditure, so that appropriations may be limited to only as much and no more than is actually required to provide the minimum funds essential to the successful operation of the Government.

If the Senate recommendations for constructive action had been taken, instead of the 87th Congress being forced into a tug of war over procedures and bogged down in a quagmire of fiscal irresponsibility, the Committees on Appropriations could have worked together harmoniously. They would have been equipped with adequate organization and staff, and with the necessary tools that are essential to

the efficient consideration of and for expeditious action on appropriations covering the annual expenditures of the Government. Prompt and efficient action through these mediums would have resulted in very substantial savings and economy in governmental operations.

ACTION BY THE SENATE IN PREVIOUS CONGRESSES

That the Congress is aware of the serious deficiencies in its own fiscal operations is evidenced by the fact that it has already acknowledged the need for exercising more effective controls over the purse strings, through the enactment of section 138 of the Legislative Reorganization Act of 1946, which was conceived with a view to improving and modernizing the fiscal procedures of the Congress in the consideration of the executive budget. This meritorious and well-intentioned effort on the part of the Congress, although failing to attain the objectives for which it was created, has served a useful purpose in pointing up the essential need for finding a workable substitute.

A bill similar to S. 537 was first introduced on February 19, 1950, in the 81st Congress (S. 2898) by Senator McClellan, chairman of the Committee on Government Operations. In 1952, at the beginning of the 82d Congress, the chairman reintroduced the bill, with some minor revisions, as S. 913. After public hearings and careful consideration, the Senate Committee on Government Operations unanimously reported S. 913 favorably. On April 8, 1952, following full debate, the Senate approved the bill by 55 to 8, on a rollcall vote. It failed of passage in the House. After the House had rejected a resolution of indefinite purport for consideration of a bill similar to S. 913 (H.R. 7888), thus preventing consideration of the proposal on its merits, the chairman inserted the language of S. 913 as an amendment to the supplemental appropriation bill (H.R. 8370) which, at the insistence of the House conferees, was stricken in conference.

The bill was again reintroduced by Senator McClellan in the 83d Congress as S. 833, under the sponsorship of 57 Members of the Senate. It was reported favorably on May 19, 1953 with amendments, by Senator Margaret Chase Smith, chairman of the Subcommittee on Reorganization, after further hearings before that subcommittee. It passed the Senate on May 23, 1953, under unanimous consent, and was referred to the House Committee on Rules where no further action was taken.

In the 84th, 85th, and 87th Congresses, committee bills, S. 1805, S. 1585, and S. 529, which contained further perfecting amendments, were introduced by the chairman, reported unanimously by the committee, and passed the Senate by unanimous consent on May 19, 1955, April 4, 1957, and on May 26, 1961, respectively. These also failed to receive favorable consideration in the House of Representatives.

All Members of the Congress should be deeply concerned about the breakdown of legislative procedures in the processing of appropriation bills through the Congress. The fiscal program has been rapidly deteriorating since the annual Federal budgets have reached such astronomical figures, and approached a critical state in the last Congress. It is incumbent upon the 88th Congress to take appropri-

ate steps early in the present session to devise a solution to these problems.

ENDORSEMENTS OF PROPOSALS⁷ FOR CREATION OF A JOINT COMMITTEE
ON THE BUDGET—81ST-88TH CONGRESSES

Extensive hearings were held on the predecessor bills, S. 913, during the 82d Congress in 1951 and S. 833 in the 83d Congress, and the committee has reviewed its previous actions, and adopted perfecting amendments to successive bills extending over a period of 14 years. Witnesses representing the Congress, the Tax Foundation, Inc., State taxpayers associations from all sections of the country, the American Institute of Accountants, National Association of Manufacturers and various other groups and leading newspapers and periodicals have strongly supported the objectives of the bill, although there were some differences as to the detailed provisions of such proposed legislation which were eliminated in the last three bills approved by the Senate and in the pending bill.

Following the hearings on S. 913 in 1951, the committee also held extensive hearings on proposed amendments to the Legislative Reorganization Act of 1946, in carrying out its functions to evaluate the effects of laws enacted to reorganize the legislative branch. At those hearings, which were reprinted as an appendix to the activities report of the committee on March 19, 1963 (S. Rept. 81), numerous witnesses urged that immediate steps be taken by the Congress to improve its fiscal control.

Mr. Frederick J. Lawton, then Director of the Bureau of the Budget, in testifying before the committee on May 17, 1951, pointed up the fact that the tremendous increase in the size and scope of the Federal budget during recent years has produced entirely new and challenging problems for the Congress, and that the rapid growth of the Federal budget to where it then approximated 25 percent of the national income makes it one of the most significant factors in the economic and social life of the Nation. Mr. Lawton stated that the problem the Congress faces in attempting to come to grips more realistically with the Government's financial program is twofold.

First, there is the problem of identifying and agreeing in Congress on the kind and amount of essential information needed to evaluate both the budget as a whole and its thousands of components; (and) second, there is the problem of providing within the Congress itself the kind of structure that can make the fullest and most effective use of this information * * *.

The major determinant in any budget is not how much money is needed to run a given activity efficiently. It is rather a determination on whether the activities should be conducted at all and, if so, at what level. Yet decisions on individual activities must be made in the light of a host of factors—the expenditure and revenue outlook, economic conditions, provisions of existing law, and many others.

In commenting specifically as regards the purposes of S. 913, Mr. Lawton concluded—

A joint committee on the budget, with the broad job just outlined, would not duplicate the present work of the Appro-

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priations Committees on the appropriation requests placed before them, but would, instead, provide Congress with a superior review of the whole budget situation. Such a joint committee might also be of further assistance to the Congress in dealing with such matters as determining the format of the budget, which would be most helpful to Congress in acting thereon, reviewing the many types of appropriations now found in our appropriation structure and providing for a simplification thereof, arriving (cooperatively with the executive branch) at a simple system of "scorekeeping" on appropriations and other expenditure authorizations, coordinating and digesting for the Congress the many matters pertaining to Government finance and spending that come to it from many sources, and generally assisting the Congress to get on top and stay on top of the budget.

In a report to former President Eisenhower, on November 17, 1959, the then Director of the Bureau of the Budget recommended a number of improvements in budgeting, in which he referred to the proposed Joint Committee on the Budget as one of the budget reform proposals which was considered to be desirable, pointing out, however, that this would require congressional origination and action.

In testifying before the Subcommittee on National Policy Machinery of the Senate Committee on Government Operations on July 31, 1961, Mr. Maurice H. Stans, Director of the Bureau of the Budget from 1958 to 1961, in response to queries of members of the subcommittee, stated that one of the most important suggestions that had been made to correct the present deficiencies in the budgetary and expenditure process, would be the creation of a Joint Committee on the Budget—

which would deal with the budget as a whole and express its views on it prior to the time that the appropriations committees took any action on the individual parts of the budget or prior to the time the Ways and Means Committee considered any pieces of legislation dealing with taxes. * * *

Obviously the consideration of any segment of the budget by the subcommittees of the Appropriations Committees are subjective considerations that deal with that one subject only and not in terms of the overall financial predicament of the Government. Unless there is a way for the committees before they deal with each of these individual subjects to see the picture as a whole, we may very well find ourselves in the position of committing ourselves to new legislation and in appropriations to greater amounts of spending than we can afford.

Later, in further testifying, Mr. Stans stated that:

I thought something like a Joint Committee on the Budget or something of that sort would review the budget first before there was any consideration of appropriations by the Appropriations Committees or any consideration of revenue raising legislation by the Ways and Means Committee. * * *

I would not expect the House to waive any of its constitutional prerogatives and that is why I would suggest a Joint Committee on the Budget, rather than a Joint Committee on Appropriations. I think a Joint Committee on

the Budget could review the fiscal policies of the Government in light of economic conditions and in the light of trends and other factors and express its conclusions which would be helpful to the House in exercising its constitutional privileges on appropriations.

President Kennedy, as a member of the Committee on Government Operations and a former chairman of its Subcommittee on Reorganization, joined as a cosponsor of S. 833 in the 83d and S. 1585 in the 85th Congresses (the latter identical to S. 537) and supported the bills in committee and on the floor of the Senate.

HEARINGS ON S. 537, 88TH CONGRESS

Hearings on S. 537 were held on March 19 and 20, 1963, in order to develop any additional testimony which might assist in further establishing the need for the legislation and to reemphasize its importance at this time.

Testifying in support of the bill were Senator Spessard L. Holland, a member of the Senate Committee on Appropriations; Representative Ben F. Jensen, ranking Republican member of the House Committee on Appropriations; Representative Robert McClory; Joseph Campbell, Comptroller General of the United States; Dr. John S. Saloma III, assistant professor of political science, Massachusetts Institute of Technology; and Lucius Wilmerding, Jr., authority on the Federal spending power.

Communications and statements in support of the measure were submitted by Senators Gordon Allott, Edmund S. Muskie, and Leve-rett Saltonstall; Dewey Anderson, executive director, Public Affairs Institute; Daniel W. Bell, former Acting Director of the Bureau of the Budget, 1934-39; Gerhard Colm, chief economist, National Planning Association; Charles R. Hook, chairman, Committee of Hoover Commission Task Force Members; Barry T. Mines, executive vice president, New Hampshire Taxpayers Federation; Ralph W. E. Reid, Assistant Director, Bureau of the Budget, 1955-61; Carlton W. Tillinghast, chairman, National Taxpayers Conference; and Robert Ash Wallace, Assistant to the Secretary of the Treasury.

Senator Holland, a ranking member on the Senate Committee on Appropriations, referring in his testimony to the need for this legislation, stated:

* * * we do not presently effectively evaluate the fiscal requirements of the executive agencies and certainly from the many years of experience I have had as a member of the Senate Appropriations Committee, we do not effectively evaluate the expenditures they make (hearings, p. 7).

Addressing himself to the magnitude of congressional responsibility in the fiscal field, Senator Holland said:

I think that the chairman probably knows as well as any other Member of Congress the impossibility in the Senate, at least—and the same point, I think, can be made, however, with less force, in the other body—the impossibility of any Senator, no matter how active and how conscientious, to have complete understanding of all of the matters he is required to handle as a member of the Appropriations Committee, in the time allowed for him to do so (hearings, *ibid.*).

Noting that there has been a substantial enhancement of executive and judicial power in recent years, Senator Holland said:

The power of the purse is the one thing which the Congress can control, provided it controls it, and this bill is a tool, a piece of machinery, which, in my humble judgment, will enable us to do a much more effective job in controlling our exercise of the power of the purse, which the Congress, alone, has, and which, if the Congress, alone, does not safeguard, will not be safeguarded in behalf of the preservation of fiscal responsibility and financial stability in this Nation.

Whether we realize it or not, Mr. Chairman, in these days of great world responsibility for our Nation, there is not any single thing which I think could destroy our effectiveness more than to allow ourselves to go ahead in the present course, so evident for the last several years of overspending, or piling up indebtedness, and of weakening our financial stability. And our stability is the greatest and strongest staff that the free world has to rely upon in these difficult times (hearings, p. 11).

Representative Ben F. Jensen, ranking Republican member of the House Committee on Appropriations and cosponsor of a companion bill in the House of Representatives, after discussing the need for action with respect to fiscal control in the Congress, stated:

Something has to be done, Mr. Chairman. I appreciate the fact that you, with your 76 colleagues, have taken notice of the fact that something must be done so you have again recommended this Joint Budget Committee be established. Certainly, I, as one Member of the House, along with many others, are hoping that this committee can be established and be effective. * * * (hearings, p. 24).

Mr. Joseph Campbell, Comptroller General of the United States, testified that—

with the annual Federal administrative budget expenditures approaching \$100 billion it is of the greatest importance that all possible ways and means be found to eliminate waste, extravagance, and other unnecessary expenditures in the operation of our Government (hearings, p. 31).

After referring to the work done by the General Accounting Office in fiscal year 1962, toward this objective, Mr. Campbell stated:

* * * the Congress, in fulfilling its obligation to keep Federal expenditures within bounds, in light of conditions as they may exist at a particular time, is confronted with a highly complex problem. Our own Office can, of course, make a contribution to a solution; but, in the final analysis, it is only the Congress itself which must determine how it is best able to meet that obligation on an informed and intelligent basis.

The chairman's introduction of S. 537, cosponsored by 76 other Senators, is a profound effort to resolve the problem by establishing a Joint Committee on the Budget to assist the Congress in carrying its responsibilities in connection with appropriation of funds required for the operation of the Federal Government. * * * (hearings, p. 32).

Noting that the desirability of establishing a Joint Committee on the Budget is a policy question which the Congress itself must decide, Mr. Campbell said:

On the other hand, the joint committee would provide a means for bringing together for the Congress the results of work being performed throughout the Government on budget and other financial matters, and for an independent appraisal of such results by a joint committee of the Congress, as well as an additional means of developing information for the Appropriations Committees and other standing committees of the Congress (hearings, p. 33).

PAST EFFORTS TO TIGHTEN FISCAL CONTROLS

This proposed legislation would continue the many efforts of the Congress during the past 30 or 40 years to develop more adequate fiscal controls over Federal spending. Among the first of these was the Budget and Accounting Act of 1921, which established the same kind of executive budget in the Federal Government as had been successfully developed in State and local governments. That statute reflected a fairly rapidly expanding pattern of Federal activities, for those days, which had been subjected to the heavy stresses and strains, financial and otherwise, during and after World War I.

Among the basic changes since the 1921 enactment of a national budget system was the transfer of an expanded Bureau of the Budget to the Executive Office of the President under the Reorganization Act of 1939. Subsequent years brought various fiscal problems, notably the recurring deficits in the Federal budget, particularly during and following the years of World War II. The Employment Act of 1946, with its accompanying creation of a new Council of Economic Advisers immediately under the President, started to weave studies of national economic development and trends into annual budget deliberations. More recently various fundamental aspects of the 1921 budget law were supplemented and modernized by the Budget and Accounting Procedures Act of 1950, which promotes better coordination of Federal accounting and fiscal procedures.

Committee on the legislative budget

The vital need for a congressional counterpart of executive budgeting providing for better congressional analysis and consideration of the appropriations which are proposed in the annual executive budget was recognized by the Congress in enacting section 138 of the Legislative Reorganization Act of 1946. This section of the act made an unsuccessful effort to tighten congressional control of the purse strings. It created a joint committee, composed of the members of the four taxing and spending committees of the two Houses of Congress and directed that committee (a) to compare the estimated total receipts and the total expenditures proposed in the budget for the ensuing year, and (b) to recommend a ceiling on total expenditures to serve as a control on the total amount of appropriations, in line with what the Nation can afford to spend. Although every competent authority agrees that the purpose of this provision is eminently desirable, it proved unworkable in the 80th, and succeeding Congresses. This failure was largely attributed to the cumbersome committee setup involved, and to the lack of necessary staff. To help solve this prob-

lem in considerable degree, S. 537 proposes what this committee believes to be a more practical and workable solution.

A somewhat similar approach to the original objectives of section 138 of the Legislative Reorganization Act of 1946, designed to effect a solution to this problem, has been embodied in a number of legislative proposals which would provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress.

Experience with omnibus appropriation bill

The Senate adopted a resolution on July 2, 1949, requiring the combination of the traditionally separate appropriation measures in a one-package or omnibus appropriation bill (S. Rept. 616), but the House of Representatives declined to report an omnibus bill, because of the insistence of its Appropriations Committee, that existing powers were adequate without statutory change. After a voluntary experiment on such a basis for the single fiscal year 1951, the House Appropriations Committee voted to return to the old procedure of reporting separate appropriation bills. New resolutions designed to restore the omnibus appropriation bill have been introduced in the present Congress (S. Con. Res. 12, 88th Cong.), and the last five Congresses. In the 83d Congress a resolution proposed by Senator Byrd of Virginia, with 46 Senators as cosponsors (S. Con. Res. 8), was reported favorably by the Senate Committee on Rules and Administration, on May 12, 1953 (S. Rept. 267), but failed of final passage.

Two factors were predominant in the congressional attitude toward the omnibus appropriation bill. One was the serious delay in passage, caused by the fact that the Senate was prevented from starting work on the many appropriation items until all of them, controversial and noncontroversial alike, were passed by the House. The other was that an omnibus appropriation bill lends itself to the addition of legislative riders. As a practical matter, the President cannot veto those riders which he deems objectionable unless he is willing to veto the whole omnibus bill and risk financial chaos for the Federal Government. To meet this objection three members of the Senate Committee on Rules and Administration formulated S. 2161, in the 81st Congress, a partial-item veto bill, which was introduced on June 29, 1949, and referred to this committee. The bill was never reported because of doubtful constitutionality. Under the provisions of S. 2161, the President would have been authorized to veto all or parts of the appropriation bill passed by the Congress, but insofar as any vetoed amounts were reappropriated by the Congress, restored items could not have been again vetoed by the President.

Other bills have been introduced in the last four Congresses, and referred to this committee, to authorize a Presidential item veto. These bills also contained other proposals providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, and requiring yea-and-nay votes on amendments to appropriation bills.

Percentage cuts in appropriations

Other fiscal proposals which have had serious consideration in the Senate include Senate Joint Resolution 108, reported favorably by this committee in the 81st Congress (S. Rept. 498), which combined the features of three pending resolutions, in an effort to bring about a

more nearly balanced budget. It would have required the President to make an overall reduction of not less than 5 percent nor more than 10 percent in the total amount of appropriations which he had recommended for the fiscal year 1950. Despite vigorous efforts on the Senate floor, this proposal made no progress. It was, therefore, added as a rider to an appropriation bill but failed by a narrow margin to receive the necessary two-thirds majority under Senate rules, after a point of order had been raised.

A similar across-the-board cut was adopted, however, in the General Appropriation Act of 1951, approved September 6, 1950, which required than an overall cut of \$550 million be made in the—

appropriations, reappropriations, contract authorizations, and reauthorizations made by this act for departments and agencies in the executive branch of the Government * * * without impairing national defense.

Similar efforts toward a flat percentage cut in proposed 1952 appropriations were pressed with vigor in the Senate in connection with appropriation measures, but the final determination was that good legislative practices required direct action on specific items, and that an across-the-board cut was not the proper solution to the problem.

This flat percentage cut type of legislative requirement is an acknowledgment, in the view of the committee, that the Congress does not have the necessary machinery to develop the facts upon which to direct specifically indicated economies in Government spending, which the pending bill is designed to provide. Flat cuts are always subjected to criticism on the ground that the Congress has a responsibility to vote definite reductions in individually proposed appropriation items. It is also contended that the flat percentage cut adversely and improperly affects in the same degree two entirely different kinds of agencies: (a) Those whose officials are conducting constructive and useful activities in efficient, economical fashion, as against (b) those who are making no efforts to do a good job, and in some instances have even managed so to pad their budgets that a percentage cut will only reduce them to about the amount they had hoped in the first place to have available for expenditure.

Alternate balanced budget

Another fiscal proposal of basic importance was made in Senate Joint Resolution 131 of September 23, 1949, which would have required the President to submit an alternate balanced budget along with his regular budget to provide for the following fiscal year 1951. When Senate Joint Resolution 131 made no progress, it was proposed in substance as a rider to H.R. 1689, the Executive Pay Raise Act of 1949, and was accepted as such by the Senate. It later was stricken in conference.

The committee in approving S. 913 in the 82d Congress also adopted, by a majority vote, an amendment providing for annual submission by the President of an alternate balanced budget. The latter budget would parallel the regular budget which the President is required to submit at the beginning of each session of the Congress. While a majority of the committee endorsed this proposal in executive session, the committee preferred that its consideration by the Senate be kept separate from the other aspects of S. 913. An amendment to S. 913 calling for an alternate, balanced budget was submitted by the chair-

man on the floor of the Senate when the bill was approved April 8, 1952, as directed by a majority of the committee, but was rejected by the Senate. No similar provision is included in S. 537.

Part VII of Senate Document 11, 87th Congress, on "Financial Management in the Federal Government," sets forth in complete detail the legislative history of proposed budget and accounting legislation introduced in the Congress since the approval of the Legislative Reorganization Act of 1946, including the bills referred to in this report as well as an appendix listing fiscal legislation introduced in the 87th Congress, as of February 20, 1961.

PROVISIONS OF S. 537

Section 1 of the bill would establish a Joint Committee on the Budget composed of 14 members, 7 from the Appropriations Committee of the Senate and 7 from the Appropriations Committee of the House; 4 from the majority party and 3 from the minority party, to be chosen by the respective committees.

The joint committee would be authorized to elect a chairman and vice chairman from among its members at the first regular meeting of each session, with the chairman designated from among those who are Members of the House of Representatives, and the vice chairman from among those who are Members of the Senate in even-numbered years; and during odd years, the chairman shall be selected from among the members who are Members of the Senate, and the vice chairman shall be selected from among the members who are Members of the House of Representatives. The joint committee is authorized to adopt its own rules, except that provision is made that no measure or recommendation shall be reported unless approved by a majority of the committee.

The proposed joint committee would be required to inform itself on all aspects of the annual budget of the agencies of the Government, to examine expenditure reports, including the initiation or continuation of Federal programs by utilization of borrowing authority, contract obligational authority, or other means which do not require direct appropriations for the initiation or continuation of such programs, and to investigate the details of Federal operations in order that the Appropriations Committees might be provided with detailed information concerning each item in the budget and the justifications therefor. It would also be required to fully utilize information emanating from the Joint Committee on Internal Revenue Taxation, to consider the President's messages on the state of the Union and the Economic Report, and from all other sources as to estimated revenues and changing economic conditions, in order that a well-considered fiscal program may be devised to hold expenditures to the minimum in relation to anticipated Federal revenues and consistent with essential requirements of Government operations and the national security.

In addition, the joint committee would be authorized to report on and recommend appropriate legislative changes to standing jurisdictional committees so that they may eliminate wasteful practices and correct deviations from programs authorized by the Congress, and to recommend cutbacks in such programs when such changes in existing laws would promote greater efficiency and economy in government; and to make such reports and recommendations to any standing com-

mittee of either House of Congress or any subcommittee thereof on matters within the jurisdiction of such standing committee relating to deviations from basic legislative authorization, or to appropriations approved by Congress which are not consistent with such basic legislative authorization, or to cutbacks in previously authorized programs which require appropriations, as may be deemed necessary or advisable by the joint committee, or as may be requested by any standing committee of either House of Congress or by any subcommittee thereof.

To aid the Committees on Appropriations in determining the action necessary to conform to this program, the joint committee is required to submit, at the beginning of each regular session of Congress, and periodically as deemed necessary, schedules of total estimated costs of all programs and projects authorized by the Congress, together with estimated costs of such programs and projects during the current succeeding, and subsequent fiscal years where the program extends for more than 1 year.

The joint committee, or any subcommittee thereof, is vested with power to hold hearings, issue subpoenas, take testimony, and to make such expenditures as are necessary to carry out its functions within the amount appropriated therefor.

The bill authorizes the appointment of a staff director, an associate staff director, and such other professional, technical, and clerical employees as may be necessary to carry out the duties of the joint committee without regard to civil-service rules or the Classification Act of 1949, as amended. The staff director shall be appointed by and be responsible to members of the party of which the chairman of the joint committee is a member, and the associate staff director shall be appointed by and responsible to members of the opposition party. The bill also requires that no person shall be employed until data with respect to him, after a thorough investigation of his loyalty and security by the Federal Bureau of Investigation, has been made available to, and his appointment approved by, the joint committee.

The members of the staff would be made available to the Committees on Appropriations, and the several subcommittees thereof, during periods when appropriation bills are pending before the respective bodies and staff members, upon the written authority of the chairman or vice chairman, are provided with authority to examine fiscal books, documents, papers, and reports of any Federal agency and data related to proposed appropriations included in the annual budget transmitted by the President.

The bill requires that the annual budget shall include an analysis of all active long-term construction programs authorized by the Congress, showing for each the total estimated cost, the actual or estimated expenditures during prior, current, ensuing, and subsequent fiscal years, and that all grant-in-aid programs shall be included in the analysis covering grants of indefinite duration, and the annual cost for a 10-year period. Each agency carrying on any program by utilization of the borrowing authority would be required, at such times as the committee shall specify, to report to the committee upon the extent of its borrowings under such program, and upon its operations generally under such program.

The subcommittee is further authorized to request any agency to submit to the Committees on Appropriations estimates for proposed appropriations on an annual accrued-expenditure basis, in addition to

any other budget submissions, as recommended by the Hoover Commission.

Members of the staff of the Bureau of the Budget are to be assigned to attend executive sessions of the subcommittees of the Appropriations Committees with reference to proposed appropriations, as may be required.

The Comptroller General of the United States is directed, at the request of the chairman of the joint committee, to make such investigations and reports with respect to any agency as will enable the joint committee to give adequate consideration to items relating to agency expenditures, activities, or appropriation requests. Authority is granted to the Comptroller General to employ such technical and professional personnel as may be required to comply with the request of the chairman of the joint committee without regard to civil service laws, rules, or regulations, and to fix their compensation without regard to the Classification Act of 1949, as amended. This new function of the General Accounting Office would be in addition to its present authority of performing postaudit functions on behalf of the Congress.

Section 2 provides that all committees recommending legislation which would authorize appropriations shall include in their reports estimates as to the initial cost of the project or programs, and their continuing cost over the first 5 years of operation, based on estimates from the department or agency primarily concerned, after review by the Bureau of the Budget. It provides further that, if the chairman of the committee determines that no existing department or agency is primarily concerned with the proposed legislation, the estimate shall be made by the Bureau of the Budget. The joint committee would be required to maintain compilations of all such estimates, and to print such compilations annually for the information of Members of the Congress.

Section 3 of the bill authorizes the joint committee to recommend joint hearings by the Appropriations Committees and subcommittees thereof, in the interest of expediting action on appropriation measures. This would insure conservation of the time and energy of the members of these committees and administrative officials of the Government, without in any way interfering with the independence of separate committee deliberations and decisions.

In connection with joint hearings provided for in section 3, the committee held that considerations of time have proved to be one of the two major stumbling blocks of the omnibus appropriation bill approach which was abandoned in the House of Representatives after a single year of trial. Joint hearings would greatly ease that timing problem, because members of the subcommittees of the Senate Appropriations Committee would participate at early dates each year in the joint hearings with their opposite Members in the House of Representatives, and would be prepared to act almost immediately on the many appropriation items which are frequently subjected to little or no change as reported and as passed by the House of Representatives. Further hearings would presumably be limited to those appropriation items where Senate Appropriations Subcommittees felt additional information is needed because of substantial cuts or increases in proposed appropriations as finally voted in the House of Representatives.

Manifestly such savings of time would be of great practical value. They should prove to be persuasive elements in stimulating the

increased use of joint hearings by all committees of the Congress, even though section 3 of the bill recommends such hearings on an entirely optional basis so as not to invade the rights and prerogatives of either House. This advantage should be of special interest to the many Senators and Representatives who hold the omnibus appropriation bill approach in high favor.

CONCLUSION

The committee unanimously endorses S. 537 and urges its approval by the Congress in order to help bring about more effective control of the Federal purse. The committee firmly believes that the bill constitutes a realistic program for equipping the Appropriations Committees with adequate staff facilities to provide essential information that will enable those committees and the Congress to arrive at fully informed decisions relative to the essential fiscal requirements of the executive agencies of the Government.

The bill would avoid duplications that would be necessary in providing separate staffs for the two Appropriations Committees, and, by making such a professional staff available on a continuing basis, would bring to these committees informed experts, working on a 12-month basis, who would be available for services in succeeding Congresses. It would also eliminate the need for either of these committees to procure outside consultants on a temporary basis, or to utilize administrative personnel of the General Accounting Office who have other responsible and continuing functions to perform for other committees of the Congress.

Finally, S. 537 would stimulate joint hearings on pending appropriation measures, without invading the rights and prerogatives of the separate Houses of Congress and of the Appropriations Committees. This, in turn, should serve to eliminate the long delays in processing appropriation bills, and enable the Congress to complete its work on these measures prior to the close of the fiscal year.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (matter omitted enclosed in brackets, new matter printed in italic, existing law in which no change is reported shown in roman):

The Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, is amended as follows:

LEGISLATIVE BUDGET

[SEC. 138. (a) The Committee on Ways and Means and the Committee on Appropriations of the House of Representatives, and the Committee on Finance and the Committee on Appropriations of the Senate, or duly authorized subcommittees thereof, are authorized and directed to meet jointly at the beginning of each regular session of Congress and after study and consultation, giving due consideration to the budget recommendations of the President, report to their respective Houses a legislative budget for the ensuing fiscal year, including the estimated overall Federal receipts and expenditures for such year. Such report shall contain a recommendation for the maximum

amount to be appropriated for expenditure in such year which shall include such an amount to be reserved for deficiencies as may be deemed necessary by such committees. If the estimated receipts exceed the estimated expenditures, such report shall contain a recommendation for a reduction in the public debt. Such report shall be made by February 15.

[(b) The report shall be accompanied by a concurrent resolution adopting such budget, and fixing the maximum amount to be appropriated for expenditure in such year. If the estimated expenditures exceed the estimated receipts, the concurrent resolution shall include a section substantially as follows: "That it is the sense of the Congress that the public debt shall be increased in an amount equal to the amount by which the estimated expenditures for the ensuing fiscal year exceed the estimated receipts, such amount being \$."]

JOINT COMMITTEE ON THE BUDGET

SEC. 138. (a) There is hereby created a joint service committee, to be known as the Joint Committee on the Budget (hereinafter in this section called the "joint committee") and to be composed of fourteen members as follows:

(1) Seven Members who are members of the Committee on Appropriations of the Senate, four from the majority party and three from the minority party, to be chosen by such committee; and

(2) Seven Members who are members of the Committee on Appropriations of the House of Representatives, four from the majority party and three from the minority party, to be chosen by such committee.

(b) No person shall continue to serve as a member of the joint committee after he has ceased to be a member of the committee from which he was chosen, except that the members chosen by the Committee on Appropriations of the House of Representatives who have been reelected to the House of Representatives may continue to serve as members of the joint committee notwithstanding the expiration of the Congress. A vacancy in the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as the original selection, except that (1) in case of a vacancy during an adjournment or recess of Congress for a period of more than two weeks, the members of the joint committee who are members of the committee entitled to fill such vacancy may designate a member of such committee to serve until his successor is chosen by such committee, and (2) in the case of a vacancy after the expiration of a Congress which would be filled from the Committee on Appropriations of the House of Representatives, the members of such committee who are continuing to serve as members of the joint committee, may designate a person who, immediately prior to such expiration, was a member of such committee and who is reelected to the House of Representatives, to serve until his successor is chosen by such committee.

(c) The joint committee shall elect a chairman and vice chairman from among its members at the first regular meeting of each session: Provided, however, That during even years the chairman shall be selected from among the members who are Members of the House of Representatives and the vice chairman shall be selected from among the members who are Members of the Senate, and during odd years the chairman shall be selected from among the members who are Members of the Senate and

the vice chairman shall be selected from among the members who are Members of the House of Representatives.

(d) The joint committee may make such rules respecting its organization and procedures as it deems necessary: Provided, however, That no measure or recommendation shall be reported from the joint committee unless a majority of the committee assent.

(e) It shall be the duty of the joint committee—

(1)(A) to inform itself on all matters relating to the annual budget of the agencies of the United States Government, including analytical, investigative, audit, and other reports on Federal operations prepared by the General Accounting Office pursuant to section 312 of the Budget and Accounting Act, 1921, the Government Corporation Control Act, and section 206 of the Legislative Reorganization Act of 1946, and by other Federal agencies and including the initiation or continuation of Federal programs by utilization of borrowing authority, contract obligational authority, or other means which do not require direct appropriations for the initiation or continuation of such programs; (B) to provide the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate with such information on items contained in such budget, and the justifications submitted in support thereof, as may be necessary to enable said committees to give adequate consideration thereto; (C) to consider the President's messages on the state of the Union and the Economic Report, to consider all information relating to estimated revenues, including revenue estimates of the Department of the Treasury and the Joint Committee on Internal Revenue Taxation, to consider essential programs, and to consider changing economic conditions; and (D) to report to the Appropriations Committees of the House of Representatives and the Senate its findings with respect to budget estimates and revisions in appropriations required to hold expenditures to the minimum consistent with the requirements of Government operations and national security;

(2) to recommend to the appropriate standing committees of the House of Representatives and the Senate such changes in existing laws as may effect greater efficiency and economy in government;

(3) to make such reports and recommendations to any standing committee of either House of Congress or any subcommittee thereof on matters within the jurisdiction of such standing committee relating to deviations from basic legislative authorization, or to appropriations approved by Congress, which are not consistent with such basic legislative authorization, or to cut-backs in previously authorized programs which require appropriations, as may be deemed necessary or advisable by the joint committee, or as may be requested by any standing committee of either House of Congress or by any subcommittee thereof;

(4) to report to the Committees on Appropriations of the House of Representatives and the Senate at the beginning of each regular session of the Congress the total estimated costs of all programs and projects authorized by the Congress, together with estimated costs of such programs and projects during the fiscal year underway, the ensuing fiscal year, and subsequent fiscal years, and to make such interim reports as may be deemed advisable.

(f) The joint committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act anywhere within or without the District

of Columbia whether the Congress is in session or has adjourned or is in recess; to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems necessary to carry out its functions within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman or vice chairman of the committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U.S.C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

(g) The joint committee shall have a staff director, an associate staff director, and such other professional, technical, clerical, and other employees, temporary or permanent, as may be necessary to carry out the duties of the joint committee. Such employees shall be employed without regard to the civil-service laws, and their compensation shall be fixed without regard to the Classification Act of 1949, as amended. The staff director shall be appointed by and responsible to the members of the party of which the chairman of the joint committee is a member, and the associate staff director shall be appointed by and responsible to the members of the opposition party. No person shall be employed by the joint committee unless the members appointing him have favorably considered the data with respect to him submitted by the Federal Bureau of Investigation after a thorough investigation of his loyalty and security.

(h) The joint committee shall make available members of its staff to assist the staffs of the Committees on Appropriations of the House of Representatives and of the Senate and the several subcommittees thereof during the periods when appropriation bills are pending.

(i) Professional and technical employees of the joint committee, upon the written authority of the chairman or vice chairman, shall have the right to examine the fiscal books, documents, papers, and reports of any agency of the United States Government within or without the District of Columbia, and data related to proposed appropriations incorporated in the annual budget transmitted by the President.

(j) The annual budget of the United States shall henceforth include a special analysis of all active long-term construction and development programs and projects authorized by the Congress, showing for each the total estimated cost, and the actual or estimated expenditures during prior fiscal years, the current fiscal year, the ensuing fiscal year, and subsequent fiscal years. All grant-in-aid programs shall be included in this analysis, in a separate grouping, showing under the heading "Subsequent Fiscal Years" for grants of indefinite duration the estimated annual cost for a ten-year period. Each agency carrying on any program by utilization of the borrowing authority shall, at such times as the committee shall specify, report to the committee upon the extent of its borrowing under such program, and upon its operations generally under such program. Upon request of the joint committee, any agency shall submit to the Appropriations Committees of the House of Representatives and the Senate estimates for proposed appropriations on an annual accrued expenditure basis.

(k) Qualified members of the staff of the Bureau of the Budget shall, at the request of the Committee on Appropriations of the House of Representatives or the Senate, or any subcommittee thereof, be assigned to attend executive sessions of the subcommittees of the Appropriations

Committees and to explain the content and basis of proposed appropriations.

(l) The Comptroller General of the United States shall, at the request of the chairman of the Joint Committee on the Budget, make such investigations and reports with respect to any agency as will enable such joint committee to give adequate consideration to items relating to such agency which are contained in the budget as submitted by the President, and the justifications submitted in support thereof; and, for this purpose, the Comptroller General is authorized to employ technical and professional personnel without regard to the civil-service laws, rules, or regulations, and fix their compensation without regard to the Classification Act of 1949, as amended.

(m) When used in this section, the term "agency" means any executive department, commission, council, independent establishment, Government corporation, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government. Such term includes the Comptroller General of the United States and the General Accounting Office, and includes any and all parts of the municipal government of the District of Columbia except the courts thereof.

(n) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section. Appropriations for the expenses of the joint committee shall be disbursed by the Secretary of the Senate upon vouchers signed by the chairman or vice chairman.

SEC. 2. Section 133 of the Legislative Reorganization Act of 1946, as amended, is amended by adding at the end thereof the following new subsection:

"(g) (1) All bills and joint resolutions authorizing appropriations reported from committees of the Senate or the House of Representatives shall be accompanied by reports in writing, which shall be printed; and there shall be included in each such report or in an accompanying document an estimate from the department or other agency of the legislative, executive, or judicial branch of the Government primarily concerned of the probable cost of carrying out the legislation proposed in such bill or resolution over the first five-year period of its operation or over the period of its operation if such legislation will be effective for less than five years.

"(2) Estimates received from departments or agencies under this subsection may be submitted by the committees to the Bureau of the Budget for review, and such reviews, when practicable, shall be included in the reports or accompanying documents before said bills and joint resolutions are reported. If the chairman of the committee determines that no existing department or agency is primarily concerned with the legislation, the estimate shall be made by the Bureau of the Budget.

"(3) The Joint Committee shall maintain compilations of all such estimates, and semiannually shall print those compilations (together with any comment of the Bureau of the Budget) for the information of the Congress."

SEC. 3. Section 139 of the Legislative Reorganization Act of 1946, as amended, is amended by adding at the end thereof the following new subsection:

"(e) The Joint Committee on the Budget is authorized to recommend that joint hearings be held by the Committees on Appropriations of the House of Representatives and the Senate, and of subcommittees thereof;

but such joint hearings shall not affect the power of the respective committees, and of subcommittees thereof, to conduct separate additional committee hearings, and shall not affect the independence of committee deliberations and decision. The chairman of each such joint hearing shall be the chairman of the Committee on Appropriations, or of the appropriate subcommittee thereof, of the House in which the bill is pending at the time of the hearing, and the vice chairman shall be the chairman of the Committee on Appropriations of the other House, or of the appropriate subcommittee thereof"

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